

PROFESSIONAL MARKET STUDY
FOR THE SUMMER TRACE TOWNHOMES
APPLICATION # - 2006-038
A PROPOSED LIHTC FAMILY DEVELOPMENT

LOCATED IN:
METTER, CANDLER COUNTY, GA

PREPARED FOR:
GEORGIA DEPARTMENT of COMMUNITY AFFAIRS
OFFICE of AFFORDABLE HOUSING
60 Executive Park South, NE
Atlanta, GA 30329

PREPARED BY:
KOONTZ and SALINGER
P.O. BOX 37523
RALEIGH, NC 27627-7523

JUNE 2006

Table of Contents

	Page
Market Study Assignment	iii
Section A - Executive Summary	vii
Section B - Project Description	
Assignment & Project Description	1
Section C - Site Evaluation	
Site & Neighborhood Description	3
Summary	14
Section D - Market Area Description	
Market Area Description	15
Section E - Community Demographic Data	
Population Trends, Projections, Characteristics	18
Household Characteristics	21
Income Characteristics	26
Summary	30
Labor Force Trends & Economic Base	31
Summary	35
Section F - Demand Analysis	
Demand Analysis - Effective Demand Pool	38
Demand Analysis - Effective Tenant Pool	40
Upcoming Direct Competition	41
Capture Rate Analysis	43
Absorption Rate Analysis	45
Section G - Competitive Environment - Supply Analysis	
Supply Analysis	46
Reconciliation of Net Rents	50
Part I - Survey of Program Assisted Properties	52
Part II - Survey of Conventional Properties	55
Section H - Interviews	58
Section I - Recommendation	59
Section J - Qualifications	60
Section K - Identity of Interest	61
Appendix A - Data Set	

INTRODUCTION

The proposed multi-family development will target LIHTC eligible households within the general population of Metter and Candler County, Georgia.

The market study assignment was to ascertain market demand for a proposed multi-family development to be known as the **Summer Trace Townhomes**, for the Georgia Department of Community Affairs (GA-DCA).

Project Mix

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Heated sf)	Unit Size (Gross sf)
2BR/2b	30	1128	Na
3BR/2b	10	1461	Na
Total	40		

Project Rents:

The proposed development will target 35% of the units at 50% or below of area median income (AMI); and 65% of the units at 60% or below AMI. The net rent will include water, sewer and trash removal.

PROPOSED PROJECT RENTS @ 50% & 60% AMI				
Bedroom Mix	# of Units	Net Rent	Utility Allowance	Gross Rent
2BR/2b	30	\$300	\$106	\$406
3BR/2b	10	\$350	\$129	\$479

In addition, there are several terms that will be used throughout the study, which have very specific meanings within the program assisted framework, but which may have other meanings in other contexts. Two sets of terms in particular are identified here to avoid confusion in the study.

Type of Project Rent Structure:

- Conventional - also referred to as "market rate", reflects projects which are developed without any program funding from public or private sources, using equity and conventional finance. Rents are established by the owner, typically without regulatory constraints.
- Assisted - projects that use some form of program financing designed to make rents more affordable. The financing may include federal and state grant, loan or loan guarantee programs; the Low Income Housing Tax Credit program, direct rental assistance and in some cases private grants or preferential loans.
- Subsidized - projects that have direct rental assistance, which allows tenants to pay only an affordable proportion of their income for rent, with the balance paid by another agency (usually governmental). These subsidies are project-based; that is, the subsidies are attached to the units. Tenant-based subsidies are carried by the tenants, who may use them in assisted or conventional projects. Note: all subsidized projects are also assisted projects, but not all assisted projects are subsidized.

Rent Inclusions:

- Gross Rent - refers to the total rent payment, including utilities. (Cable and telephone utilities are excluded from this definition.) Gross rents are usually identified as a monthly rent. Gross rents are used in the study for program usage such as LIHTC maximum rents or HUD Fair Market Rents.
- Net Rent - sometimes known as "street rent", involves the rent paid to the landlord, and usually excludes some or all utilities. Net rents are used in comparisons with conventional projects, and are also usually identified as a monthly rent.
- Utility Allowance - is the amount of the Gross Rent not included in the Net Rent, and reflects the estimated amount a tenant will have to pay out-of-pocket for utilities.

As a final terminology note, capture rate and penetration rate are used interchangeably in this study. They refer to the proportion of a defined total pool of tenants that a specific project must capture (or the degree to which the project must penetrate the total pool) in order to be fully occupied. Different capture rates will be calculated for different market pools - for example, the capture rate applied to the total income-qualified renter base will be different from the capture rate applied to a annual target demand pool. Both are used in this study.

The analyst performed an in-depth, on-site analysis in the market area, surrounding neighborhoods, and the site. Personal interviews were conducted with local area real estate professionals and other persons knowledgeable in the local area housing market.

Among sources utilized and cited throughout the study are the U.S. Census of Population and Housing, the Georgia Department of Labor, the Metter - Candler County Chamber of Commerce, the Candler County Industrial Authority, the City of Metter, the US Department of Housing and Urban Development and pertinent information and materials collected from local professional real estate sources and subject related service providers.

Other, specific elements of the methodology are discussed in the text of the study.

STATEMENT OF CONTINGENT AND LIMITING CONDITIONS

1. The consultant declares that he does not have, and will not have the future, any material interest in the proposed project, and that there is no identity between him and the client of the study. Further, the consultant declares that the payment of the study fee is in no way contingent upon a favorable study conclusion, nor upon approval of the project by any agency before or after the fact. The analyst certifies that no attempt was made to contact the applicant directly for any information in the market study.
2. The information on which this analysis of conditions in Metter and Candler County has been obtained from the most pertinent and current available sources, and every reasonable effort has been made to insure its accuracy and reliability. However, the consultant assumes no responsibility for inaccuracies in reporting by any of the Federal, State, or Municipal agencies cited, nor for any data withheld or erroneously reported by private sources cited during the normal course of a thorough investigation. The consultant reserves the right to alter conclusions on the basis of any discovered inaccuracies.
3. No opinion of a legal or engineering nature is intentionally expressed or implied.
4. The fee charged for this study does not include payment for testimony nor further consultation.
5. This analysis assumes a free and fair real estate market place, with no constraints imposed by any market element based on race, age or gender, except for age / handicapped eligibility established by law for units designated by elderly households and the handicapped.
6. The consultant affirms that a member of the firm made a physical inspection of the site and market area, and that information has been used in the full assessment of the need and demand for new rental units.

**Jerry M. Koontz, Principal
Koontz and Salinger**

SECTION A

EXECUTIVE SUMMARY

1. Market Area and Site Description:

- The Primary Market Area (PMA) for the proposed multi-family development consists of Candler County.
- The overall character of the neighborhood within the immediate vicinity of the site can be defined as a mixture of: office, institutional, single-family residential, multi-family development, and health-care use. The site is located in the northern portion of Metter, within the city limits. All major facilities in the city can be accessed within a 5 minute drive.
- In the opinion of the analyst, the site of the subject is considered to be very appropriate for multi-family development.

2. Appropriateness of Project Parameters

- Overall, the subject will be competitive to very competitive with all of the existing program assisted and market rate apartment properties in the market regarding the unit and the development amenity package. No other property in the local rental market will have an amenity package as deep and varied as the proposed subject property.
- In the area of unit size, by bedroom type, the subject will offer very competitive unit sizes, based on the proposed floor plans. With the exception of single-family homes for rent, the proposed subject units will offer the largest floor plans in the local rental market.
- The subject will be competitive to very competitive with all of the existing program assisted and market rate apartment properties in the market regarding proposed net rents by bedroom type.
- The proposed subject 2BR/2b net rent at 50% & 60% AMI is approximately 25% less than the comparable 2BR/2b conventional net rents in the market. The proposed subject 3BR/2b net rent at 50% & 60% AMI is approximately 22% less than the comparable/competitive 3BR/2b conventional net rents in the market.

- The subject bedroom mix is considered to be appropriate. At present, the market is in need of larger bedroom sizes, such as the proposed subject mix of 2BR and 3BR, more so than needing additional 1BR units.

3. Market Demand:

- The capture rates by income segment and bedroom mix are considered to be positive indicator of demand support for the proposed 40-unit subject development, given the GA-DCA capture rate threshold parameters. The overall project capture rate is 18.2%.
- At present there are no like-kind direct comparable LIHTC (non RA) units in the PMA.

Capture Rates by Bedroom Type & Income Targeting							
Unit Size	Income Limits	Units Proposed	Net Demand	Capture Rate	Absorption	Avg Mkt Net Rent	Proposed Net Rent
2BR	50% AMI	11	64	17.2%	9 mos.	\$400	\$300
	60% AMI	19	57	33.3%	12 mos.	\$400	\$300
2BR	Total	30	121	24.8%	10 mos.		
3BR	50% AMI	3	35	8.5%	6 mos.	\$450	\$350
	60% AMI	7	31	22.5%	9 mos.	\$450	\$350
3BR	Total	10	66	15.2%	8 mos.		

Note: Total Demand = net demand, owing to lack of like-kind supply.

- The long term negative impact of placing the proposed 40-unit subject property into the PMA is forecasted **not** to be significant as it relates to the present supply of program assisted apartment properties.
- The absorption rates identified above are a function of the proposed subject rents, building design, amenity package, and professional management and development team, as well as, the rent-up of recent like-kind properties developed by the applicant. The subject design & project parameters, along with the experience of the development team has demonstrated an achievable stabilized occupancy level of 93%+ within a 9 month (or less) to 12 month period for like-kind properties such as the proposed subject property.

4. Recommendation & Conclusion:

- Based upon the analysis and the conclusions of each of the report sections, it is recommended that the proposed application **proceed forward**, ***as presently configured***.

MARKET STUDY FOLLOWS

SECTION B

**PROPOSED PROJECT
DESCRIPTION**

The proposed Low Income Housing Tax Credit (LIHTC) multi-family development will target low to moderate income households within the general population of Metter and Candler County, Georgia. The subject property is located off Turner Street Extension, within the Metter city limits.

The market study assignment was to ascertain market demand for a proposed multi-family development to be known as the **Summer Trace Townhomes**, for the Georgia Department of Community Affairs (GA-DCA), under the following scenario:

Project Description

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Heated sf)	Unit Size (Gross sf)
2BR/2b	30	1128	Na
3BR/2b	10	1461	Na
Total	40		

The proposed new construction project design will comprise seven, two-story townhouse buildings. Six buildings will have 6-unit each and one building will have 4-units. The project will include a separate building comprising a manager's office, central laundry and community room. The project will provide 88 parking spaces.

The proposed *Occupancy Type* is for the **General Population** and is not age restricted.

Project Rents:

The proposed development will target 35% of the units at 50% or below of area median income (AMI); and 65% of the units at 60% or below AMI. The net rent will include water, sewer and trash removal. Note: There is no proposed deep subsidy rental assistance for subject.

PROPOSED PROJECT RENTS @ 50% & 60% AMI				
Bedroom Mix	# of Units	Net Rent	Utility Allowance	Gross Rent
2BR/2b	30	\$300	\$106	\$406
3BR/2b	10	\$350	\$129	\$479

Amenity Package

The development will include the following amenity package:

Unit Amenities

- range
- microwave
- central air
- smoke alarms
- carpet
- patio/balcony
- walk-in closet
- refrigerator
- dish washer
- cable & internet ready
- washer/dryer hook-ups
- mini-blinds
- out side storage

Development Amenities

- manager's office
- central laundry
- playground
- shuffleboard court
- community van
- security lighting
- clubhouse/community room
- picnic/grill area w/gazebo
- equipped exercise/fitness room
- equipped computer room
- covered bus stop shelter
- 5000 sf play field

The estimated projected year that Summer Trace Townhomes will be placed in service is 2008.

SECTION C

**SITE & NEIGHBORHOOD
EVALUATION**

The site of the proposed LIHTC apartment development is located off North Lewis Street (aka SR 121) via a proposed 50 foot extension of Turner Street. The site is located in the northern portion of Metter, within the city limits, approximately .6 miles

from the downtown. Specifically, the site is located in Census Tract 9501 (a Qualified Census Tract, QCT), Census Block Group 2, Census Block 2049, and Zip Code 30439. See Site Map, page 9.

Street and highway accessibility are very good relative to the site. Ready access is available from the site to the following: major retail trade and service areas, employment opportunities, local health care providers and area churches. All major facilities in the city can be accessed within a 5 minute drive. At the time of the market study, no significant infrastructure development was in progress within the vicinity of the site.

Site Characteristics

The approximately 5.16-acre, polygon shaped tract is relatively flat and wooded. At present, there are no physical structures on the tract. The site is considered to be very marketable and buildable. However, this assessment is subject to both environmental and engineering studies. All public utility services are available to the tract and excess capacity exists.

The site is not located within a flood plain and appears to drain well. The subject site is zoned R-4, multi-family residential. The City of Metter administrative office stated that the current zoning designations of the properties surrounding the site will likely remain the same into the near future, as these areas at present are mostly built upon. The surrounding land use and zoning designations around the site are detailed below:

Direction	Existing Land Use	Current Zoning
North	Single-family & church	R2
East	Single-family	R2
South	Office, Church, Multi-family	R2 & R4
West	Telecom Tower, Water Tower, Hospital, EMS and Medical Ctr	R2

Zoning Key: R2 - Single-Family Residential
R4 - Multi-Family Residential

Source: City of Metter, Official Zoning Map

Neighborhood Description / Characteristics

The overall character of the neighborhood in the immediate vicinity of the site can be defined as a mixture of land uses including: office, institutional, single-family residential, multi-family residential, and health-care use.

Directly north of the site is the Metter Church of God and Mathews Street. On the opposite side of Mathews Street are several single-family homes and vacant land. Mathews Street is partially paved. That portion of the street that bounds the site is mostly unpaved. Note: The proposed site plan indicates that there will be no access to the site via Mathews Street.

Directly south of the site is the office of the Candler County Board of Commissioners off of N. Lewis Street. A dentist office and a small 12-unit market rate apartment property (Stonebridge Rentals - a converted motel) are located about .1 mile south the site off N. Lewis. Also, located immediately south of the site off of Eldridge Street are: (1) the Metter Freewill Baptist Church and (2) the Windsor Apartments. The Windsor Apartment development is a USDA-RD Section 515 elderly complex that was built in 1993. The 53-unit property is in good condition and at the time of the survey was 100% occupied. On the opposite side of Eldridge Street are mostly single-family homes situated in a moderate to lower-middle class neighborhood.

Directly east of the tract, on the opposite side of N. Lewis Street is single-family neighborhood. The homes in this neighborhood are of size and situated on large lots. For the most part the homes were in good to very good condition and the majority (if not all) appeared to be occupied. The classification of this neighborhood would be middle to upper-middle class.

Directly west of the tract are: (1) a telecommunications tower, (2) the city water tower, (3) the Candler County Hospital, (4) Candler County EMS, (5) a family medical center and (6) a medical clinic.

The pictures on the following pages are of the site and surrounding land uses within the immediate vicinity of the site.



(1) - Site (in the background of picture, right of center),
from the proposed extension of Turner Street
off N. Lewis Street, east to west.



(2) - From site entrance, off N Lewis, south to north.



(3) - From site entrance, off N Lewis, north to south.



(4) - Site, southeast to northwest.



(5) - Metter Church of God off N. Lewis Street, east to west (site in the left corner background of picture).



(6) - Candler County Board of Commissioners office building, adjacent to the Turner Street extension into the site.



- (7) - Windsor Apartments (USDA-RD elderly) off Eldridge Street, south to north. Site is located in the right of center background of the picture.



- (8) - Candler County Hospital, about .2 miles northwest of site and about .4 miles from the site entrance point.

Site Map



© 2000 DeLorme. Street Atlas USA; © 2000 GDT, Inc., Rel. 04/2000

Mag 15.00
Tue May 30 14:00 2006

Scale 1:15,625 (at center)

1000 Feet

500 Meters

- Local Road
- Major Connector
- State Route
- Utility/Pipe

Access to Services

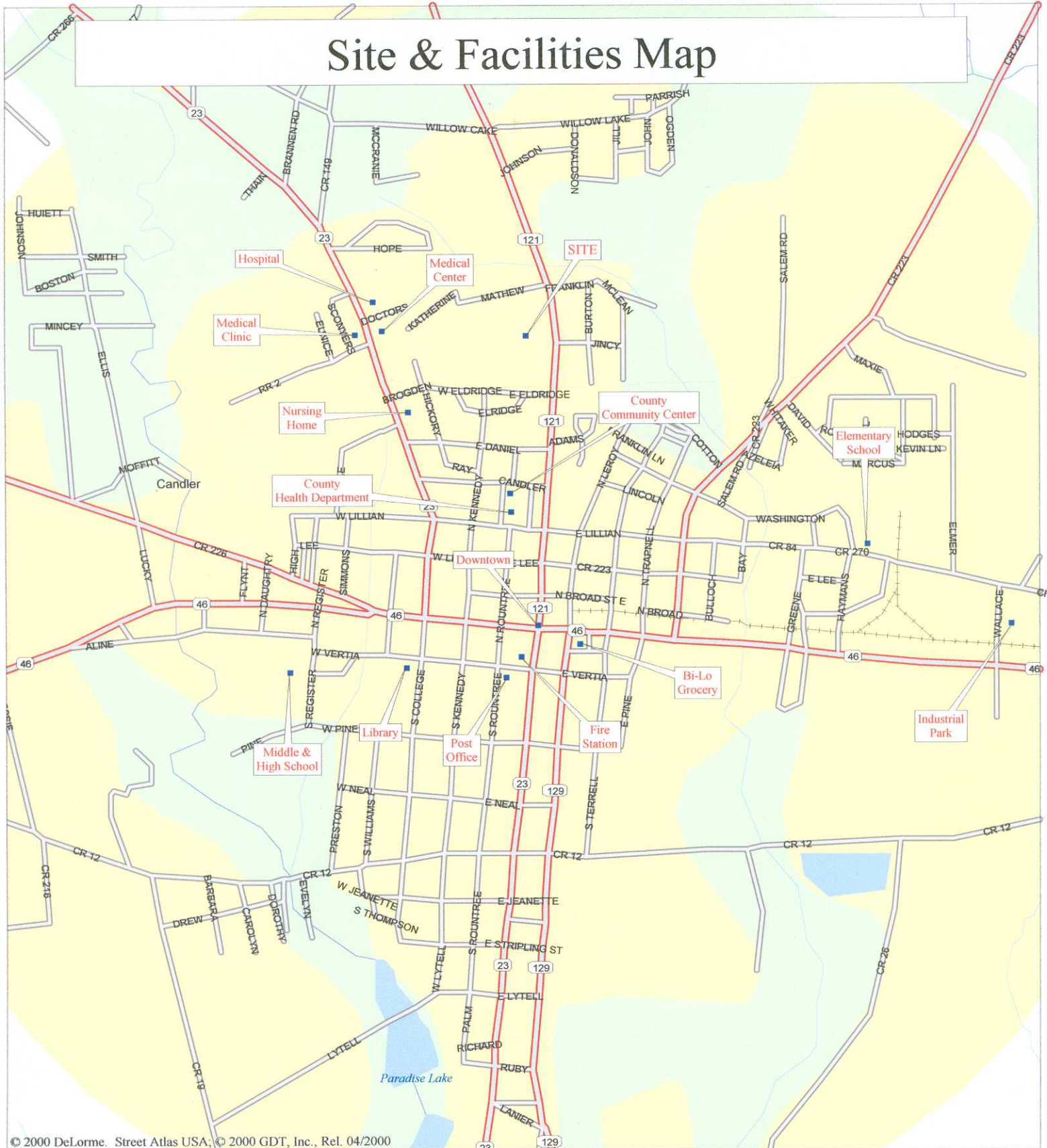
The subject is accessible to major employers, shopping, healthcare services, retail and social services, recreational areas, and the local and regional highway system. (See Site and Facilities Map, next page.)

Distances from the site to community services are exhibited below:

Points of Interest	Distance from Subject
Access to SR 121	.1
Candler County Health Department	.4
Candler County Community Center	.4
Candler County Nursing Home	.4
Candler County EMS	.4
Candler County Hospital	.4
Family Medical Center	.4
Medical Clinic	.5
Downtown	.7
Fire Station	.8
Post Office	.8
Bi-Lo Grocery	.8
Candler County Library	1.0
Elementary School	1.0
Industrial Park	1.2
Middle & High School	1.2
Access to I-16	2.3

Note: Distance from subject is in tenths of miles and are approximated.

Site & Facilities Map



© 2000 DeLorme. Street Atlas USA, © 2000 GDT, Inc., Rel. 04/2000

Mag 15.00
Tue May 30 14:05 2006

Scale 1:18,750 (at center)

2000 Feet

500 Meters

- Local Road
- Major Connector
- State Route
- Utility/Pipe

Program Assisted Apartments in Metter

At present there are three existing program assisted apartment complexes in Metter, including the Metter Housing Authority. A map (on the next page) exhibits the program assisted properties within Metter in relation to the site.

Project Name	Street Address	Program Type	Number of Units	Distance from Site
Windsor Apartments	198 Eldridge	USDA-RD el	53	.1 mile
Candler Apartments	400 Herschel	USDA-RD fm	24	.2 miles
Metter HA	scattered	PHA	122	varies

Program Assisted Apartments



© 2000 DeLorme, Street Atlas USA; © 2000 GDT, Inc., Ref. 04/2000

Mag 15.00
Tue May 30 14:12 2006

Scale 1:15,625 (at center)

1000 Feet

500 Meters

- Local Road
- Major Connector
- State Route
- Utility/Pipe

SUMMARY

The field visits for the site and surrounding market area were on May 20, 22 and 23, 2006. The site inspector was Mr. Jerry M. Koontz (of the firm Koontz & Salinger).

The overall character of the neighborhood within the immediate vicinity of the site can be defined as a mixture of: office, institutional, single-family residential, multi-family development, and health-care use. The site is located in the northern portion of Metter, within the city limits. Currently, the site is zoned for multi-family development.

Access to the site is available off N. Lewis Street, via a 50 foot extension of Turner Street. N. Lewis Street is a low density connector, with a speed limit of 35 to 45 miles per hour in the immediate vicinity of the site. It connects the site with the downtown area of Metter about .7 miles to the south. Also, the location of the site off both Turner Street extension and N. Lewis Street does not present problems of egress and ingress to the site.

The site offers good accessibility and linkages to area services and facilities. The areas surrounding the site appeared to be void of most negative externalities (including noxious odors, close proximity to power lines, close proximity to rail lines and junk yards).

The site in relation to the subject and the surrounding roads is very agreeable to signage, in particular to passing traffic along N. Lewis Street.

Overall, the field research revealed the following strengths and weaknesses of the subject in relation to subject marketability. In the opinion of the analyst, the site of the subject is considered to be very appropriate for multi-family development.

SITE/SUBJECT ATTRIBUTES:	
STRENGTHS	WEAKNESSES
Good accessibility to services, trade, and health care	
Good linkages to area road system	
Nearby road speed and noise is acceptable	
Surrounding land uses are acceptable	

SECTION D

MARKET AREA DESCRIPTION

The definition of a **market area** for any real estate use is generally limited to the geographic area from which consumers will consider the available alternatives to be relatively equal. This process implicitly and explicitly considers the **location** and **proximity** and **scale** of competitive options. Frequently, both a **primary** and a **secondary area** are **geographically defined**. The primary market is an area where consumers will have the greatest propensity to choose a specific product at a specific location, and the secondary area is the location from which consumers are less likely to choose the product but the area will still generate significant demand.

The field research process was used in order to establish the geographic delineation of the Primary Market Area (PMA). The process included the recording of spatial activities and time-distance boundary analysis. These were used to determine the relationship of the location of the site and specific subject property to other potential alternative geographic choices. The field research process was then reconciled with demographic data by geography as well as local interviews with key respondents regarding market specific input relating to market area delineation.

Primary Market Area

Based upon field research in Metter and a 10 to 15 mile area, along with an assessment of the competitive environment, transportation and employment patterns, the site location and physical, natural and political barriers - the Primary Market Area (PMA) for the proposed multi-family development consists of Candler County. (See Market Area Map)

Note: Interviews with the Metter Housing Authority (Executive Director), the City Manager and the City Clerk of Metter, the manager of the Windsor Apartments and the Metter-Candler County Chamber of Commerce confirmed that significant market support for the proposed development would include the City of Metter and extend out from Metter to include the county as a whole. In particular, it was stated that potential market support would be derived from households located in the rural portions of the county that presently reside in old single-wide trailers.

The PMA is located in the Midlands Region of south-eastern Georgia. Metter is approximately 20 miles southwest of Statesboro and 65 miles west of Savannah. Metter, the county seat, is centrally located within Candler County.

The PMA is bounded as follows:

North	Bulloch & Emanuel Counties
East	Bulloch County
South	Evans & Tattnall Counties
West	Emanuel County

Metter is the most densely populated place within the PMA, representing approximately 41% of the total population. In addition to Metter, there is one other, much smaller incorporated place located within the PMA. The small Town of Pulaski is located about 6 miles west of Metter. In 2000 it had a population of 261. For the most part, excluding Metter, the PMA is very rural with much of the land use in agriculture or open space.

Metter is the regional trade area for the county regarding: employment opportunities, finance, retail and wholesale trade, entertainment and health care services.

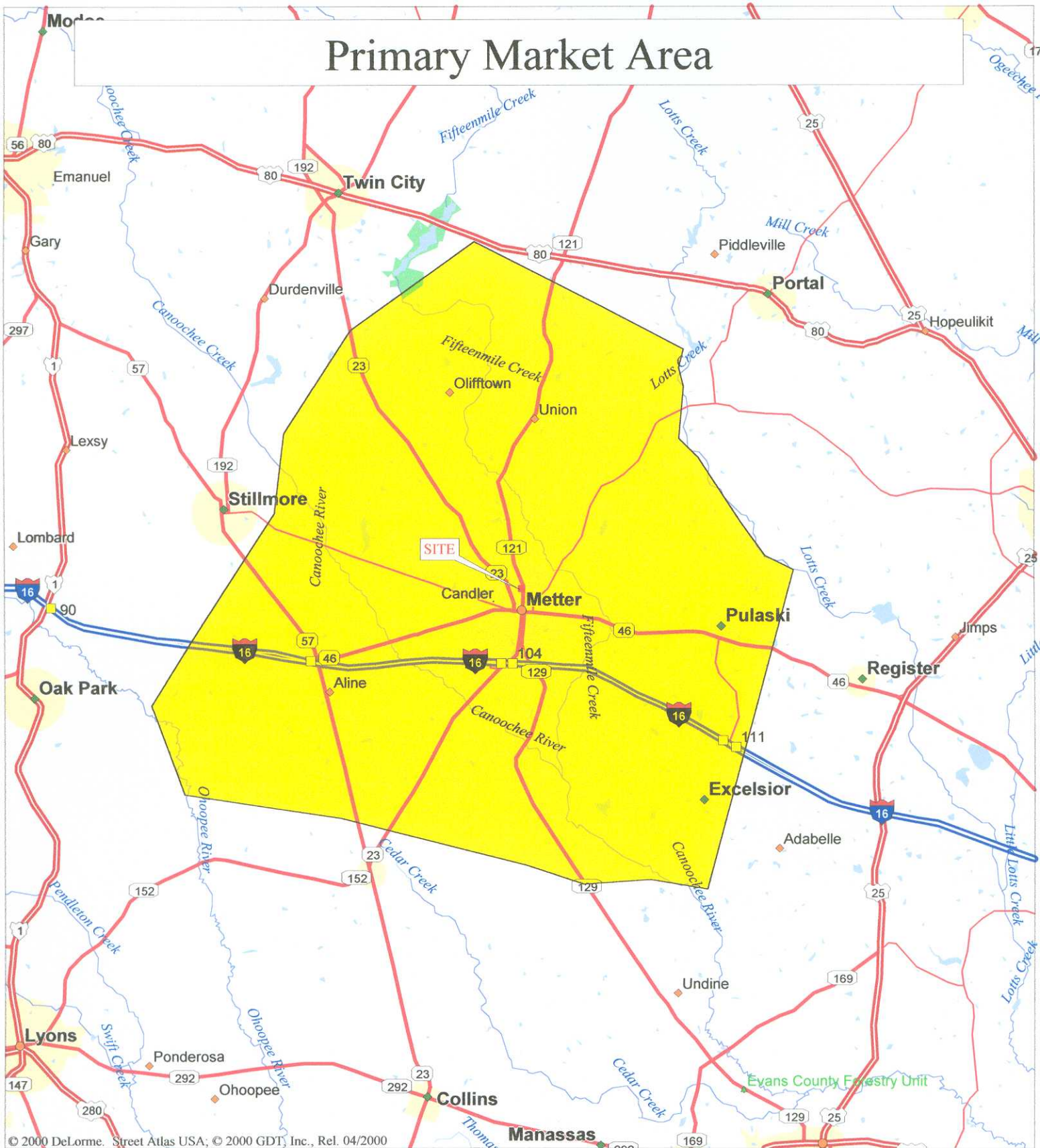
With regard to the location of an apartment complex, without deep subsidy rental assistance, the City of Metter would be the most logical choice as a location of a LIHTC complex within the PMA. In this case, the complex would not only serve the City, but the PMA as a whole, given the lack of alternative choices.

Transportation access to Metter is excellent. State Road 46 and I-16 are the major east/west connectors and SR's 23, 57, 121 and 129 are the major north/south connectors.

Secondary Market Area

The Secondary Market Area (SMA) consists of that area beyond the Primary Market Area. Demand for the development from the SMA is considered to be moderate to good. Typically, 5% to 25% of program assisted apartment complexes are occupied by tenants from outside the PMA. Note: The demand methodology in this market study utilized a GA-DCA market study guideline factor of 15%.

Primary Market Area



© 2000 DeLorme. Street Atlas USA; © 2000 GDT, Inc., Rel. 04/2000

Mag 11.00
Tue May 30 14:17 2006

Scale 1:250,000 (at center)

5 Miles

5 KM

-  Local Road
 Major Connector
 State Route
 Interstate/Limited Access

SECTION E

COMMUNITY DEMOGRAPHIC DATA

Tables 1 through 14 exhibit indicators of trends in total population and household growth, for the City of Metter and Candler County.

Population Trends

Table 1, exhibits the change in total population in Metter and Candler County between 1990 and 2010. The year 2008 is estimated to be the first year of availability for occupancy of the subject property. The year 2000 has been established as the base year for the purpose of estimating new household growth demand, by age and tenure in accordance with the 2006 GA-DCA Market Study Guidelines.

The PMA exhibited significant to very significant total population gains during the 1990's, at almost 2.4% per year. Population gains over the next several years are forecasted for the PMA at a reduced rate of increase, yet still very positive, represented by a rate of growth at between 1.6% to 1.9% per year.

A significant minority of the population in the PMA is located within the City of Metter. It is estimated that approximately 41% of the PMA population is located within the City of Metter and about 75% of the county population within 6 miles of Metter.

Gains have been very significant from the Hispanic segment of the population. In 1990, Hispanics represented about 1.8% of the total PMA population. In 2000, about 9.2% of the total PMA population was Hispanic. The primary reason for the increase is owing to employment provided by the several large area chicken processing plants, as well as the large amount of labor intensive agriculture in the county. One chicken processing plant is located in nearby Stillmore in Emanuel County and the other is located in Claxton in Evans County. The PMA is located in between these two plants and as a result has become an area in which many of these workers reside.

Other reason for the very positive population forecast for the PMA is the expected continuation of spillover growth from nearby Bulloch County that has been occurring in the PMA over the last 10 years.

Population Projection Methodology:

The population projection methodology is based on the examination of several data sets that have estimates for the 2008 placed in service year and a 2010 forecast. The ESRI data was used as a cross check to the University of Georgia, Selig Center forecast, but not in lieu of the Selig Center data.

Note: The forecasts for the City of Metter are subject to local annexation policy and rely heavily on the 2000 to 2004 US Census estimates.

Sources: (1) 1990 and 2000 US Census, and 2001 - 2004 US Census estimates.

(2) Georgia 2010-2015 Residential Population Project of Georgia Counties, Source: Georgia Governor's Office of Planning and Budget (as of December, 2004).

(3) ESRI 2004/2005 and 2009/2010 Projections, 16th & 17th Editions.

(4) East Central Georgia Counties, 2005 & 2010, Selig Center for Economic Growth, Terry College of Business, Un. of Georgia, 2006.

Note: For the forecast of total population, greater weight was given to the recent 2000-2004 US Census and Census estimates, and the forecast provided by the Selig Center for Economic Growth, University of Georgia.

Table 1					
Total Population Trends and Projections: Metter and Candler County					
Metter					
Year	Population	Total Change	Percent	Annual Change	Percent
1990	3,707	-----	-----	-----	-----
2000	3,879	+ 172	+ 4.64	+ 17	+ 0.46
2008*	4,280	+ 401	+ 10.34	+ 50	+ 1.29
2010	4,375	+ 95	+ 2.22	+ 48	+ 1.11
Candler County					
1990	7,744	-----	-----	-----	-----
2000	9,577	+1,833	+ 23.67	+ 183	+ 2.37
2008*	11,175	+1,598	+ 16.69	+ 200	+ 1.67
2010	11,595	+ 420	+ 3.76	+ 210	+ 1.88

* 2008 - Estimated year that project is placed in service.

Calculations - Koontz and Salinger. June, 2006.

Table 2 exhibits the change in population by age group in the Metter PMA between 1990 and 2000.

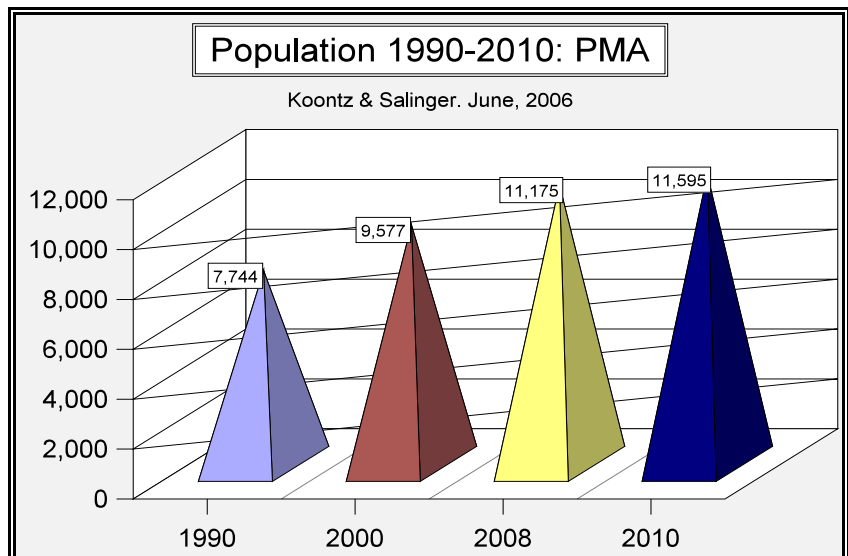
Table 2						
Population by Age Groups: Metter PMA, 1990 - 2000						
	1990 Number	1990 Percent	2000 Number	2000 Percent	Change Number	Change Percent
Age Group						
0 - 4	574	7.41	685	7.15	+ 111	+19.34
5 - 17	1,503	19.76	1,883	19.66	+ 353	+23.07
18 - 24	775	10.01	903	9.43	+ 128	+16.52
25 - 44	2,094	27.04	2,496	26.06	+ 402	+19.20
45 - 54	813	10.50	1,248	13.03	+ 435	+53.51
55 - 64	686	8.86	909	9.49	+ 223	+32.51
65 +	1,272	16.43	1,453	15.17	+ 181	+14.23

Sources: 1990 & 2000 Census of Population, Georgia.
Koontz and Salinger. June, 2006.

Table 2 revealed that population increased in all of the displayed age groups in the PMA between 1990 and 2000. The increase was significant in the primary renter age group: of 18 to 44, at a little over 18%. Overall, a significant portion of the total PMA population is in the target property primary renter group of 18 to 44, representing around 35.5% of the total population.

Between 2000 and 2008 total population is projected to increase in the PMA at a significant rate of almost 1.7% per year. The annual rate of change is forecasted to increase between 2008 and 2010 to almost 1.9%. The majority of the increase is located within a 6 mile area of Metter.

The figure to the right presents a graphic display of the numeric change in population in the PMA between 1990 and 2010.



HOUSEHOLD TRENDS & CHARACTERISTICS

Tables 3 and 4 exhibit the change in household population within the City of Metter and the Metter PMA between 2000 and 2010. The significant to very significant increase in household formations in the PMA since the 2000 Census is forecasted to continue over a 10 year period and reflects the recent population trends and near term forecasts.

The forecast for group quarters is based upon trends observed during the last two censuses. In addition, it includes information collected from local sources as to conditions and changes in group quarters' supply since the 2000 census was taken. Based upon interviews with the Metter-Candler County Chamber of Commerce, (912) 685-2159, and the City of Metter, (912) 685-2527 there have been neither new nursing homes, assisted living facilities nor correctional facilities introduced into the city or county since 2000.

Table 3 Household Formations: 1990 to 2010 Metter and the Metter PMA					
Year / Place	Total Population	Population In Group Quarters	Population In Households	Persons Per Household¹	Total Households²
Metter					
1990	3,707	219	3,488	2.5780	1,353
2000	3,879	342	3,537	2.5799	1,371
2008	4,280	415	3,865	2.5815	1,497
2010	4,375	435	3,940	2.5820	1,526
Metter PMA					
1990	7,744	295	7,449	2.6340	2,828
2000	9,577	412	9,165	2.7156	3,375
2008	11,175	500	10,675	2.7560	3,873
2010	11,595	525	11,070	2.7660	4,002

Calculations: Data was interpolated between 2005 and 2010 and estimated for 2008. Koontz & Salinger. June, 2006.

¹Continuation of the 1990 to 2000 persons per household rate of change.

²Population in Households divided by persons per unit count.

<p>Table 4</p> <p>Change in Household Formations</p> <p>Primary Market Area</p>				
Year	Total Change	Annual Change	Percent Change	% Annual Change
1990-2000	+ 547	+ 55	+19.34	+ 1.93
2000-2008	+ 498	+ 62	+14.76	+ 1.84
2008-2010	+ 129	+ 65	+ 3.33	+ 1.67

Sources: 1990 & 2000 Census of Population, Georgia.
Koontz and Salinger. June, 2006.

The projection of household formations in the PMA between 2000 and 2008 exhibited an increase of 62 households per year or approximately 1.8% per year. The rate and size of the annual increase is considered to be very significant and supportive of both additional multi-family and single-family residential growth, subject to project size and affordability parameters.

Note: The 2000 to 2008 trend in the PMA is forecasted to continue between 2008 and 2010 at a still significant rate of growth. Resulting in a forecasted annual net gain of approximately 65 households or 1.7% per year.

<p style="text-align: center;">Table 5</p> <p style="text-align: center;">Households by Tenure by Person Per Household</p> <p style="text-align: center;">Metter PMA, 1990 - 2000</p>								
Households	Owner				Renter			
	1990	2000	Change	% 2000	1990	2000	Change	% 2000
1 Person	460	531	+ 71	21.52%	257	274	+ 17	30.21%
2 Person	663	846	+ 183	34.28%	203	199	- 4	21.94%
3 Person	368	472	+ 104	19.12%	132	149	+ 17	16.43%
4 Person	325	352	+ 27	14.26%	100	128	+ 28	14.11%
5 Person	138	151	+ 13	6.12%	57	91	+ 34	10.03%
6 Person	47	67	+ 20	2.71%	31	36	+ 5	3.97%
7 + Person	28	49	+ 21	1.99%	19	30	+ 11	3.31%
Total	2,029	2,468	+ 439	100%	799	907	+ 108	100%

Sources: 1990 and 2000 Censuses of Population, Georgia.
Koontz and Salinger. June, 2006.

Table 5 indicates that in 2000 approximately 67% of the renter-occupied households in the Metter PMA contain 2 to 6 persons (the target group by household size).

The majority of these households are:

- couples, roommates,
- single head of households with children, and
- families with children.

Noticeable increases in renter households by size were exhibited by 3 through 5 persons per household. Note: No losses were exhibited in any of the large renter household sizes. One person households are typically attracted to both 1 and 2 bedroom rental units and 2 and 3 person households are typically attracted to 2 bedroom units, and to a lesser degree three bedroom units. It is estimated that between 25% and 35% of the renter households in the PMA fit the bedroom profile for a 3BR unit. Given the proposed income targeting, rent positioning of the subject and 1990 and 2000 trends, the appropriate estimate is considered to be 30% versus 25%.

Table 6 exhibits households in Metter, and the Metter PMA by owner-occupied and renter-occupied tenure.

The 1990 to 2000 tenure trend revealed a change in both the owner-occupied and renter-occupied tenure ratios (on a percentage basis). In the PMA the tenure trend was more supportive of owner-occupied units versus an increase in renter-occupied tenure in the city. The 2000 to 2008 projected trend supports a change in the tenure ratio favoring owner-occupied households more so than renter-occupied households, particularly in the PMA.

Overall, significant net numerical gains are forecasted for both owner-occupied and renter-occupied households in the PMA.

The tenure forecasts are based on:

- (1) field work and survey findings,
- (2) the relatively low interest rate environment in much of the 1990's, as well as the current low interest rate environment,
- (3) the apartment complexes built since 2000, and
- (4) an analysis of building permit data for Candler County.

Table 6 Households by Tenure: 1990 to 2010 Metter and the Metter PMA					
Year/ Place	Total Households	Owner Occupied	Percent	Renter Occupied	Percent
Metter					
1990	1,353	904	66.81	449	33.19
2000	1,371	896	65.35	475	34.65
2008	1,497	987	65.93	510	34.07
2010	1,526	1,006	65.92	520	34.08
Metter PMA					
1990	2,828	2,029	71.75	799	28.25
2000	3,375	2,468	73.13	907	26.87
2008	3,873	2,873	74.18	1,000	25.82
2010	4,002	2,977	74.39	1,025	25.61

Sources: 1990 and 2000 Census of Population, Georgia.
Koontz and Salinger. June, 2006.

Table 7 exhibits building permit data between 2000 and 2006. The permit data is for Candler County (including the City of Metter). Note: Data was not available for 2006. However, the City of Metter reported that no permits have been issued for multi-family development thus far in 2006, with the exception of one permit for a duplex.

Between 2000 and 2005, 32 permits were issued in the county, of which, 2 or approximately 6% were multi-family units.

Table 7 New Housing Units Permitted: Candler County, 2000-2006¹			
Year	Net Total ²	Single-Family Units	Multi-Family Units
2000	2	2	--
2001	2	2	--
2002	3	3	--
2003	6	6	--
2004	5	5	--
2005	14	12	2
2006	Na		
Total	32	30	2

¹Source: New Privately Owned Housing Units Authorized In Permit Issuing Places, U.S. Department of Commerce, C-40 Construction Reports. U.S. Census Bureau.

Selig Center for Economic Growth.

²Net total equals new SF and MF dwellings units.

HOUSEHOLD INCOME TRENDS & CHARACTERISTICS

One of the first discriminating factors in residential analysis is income eligibility and affordability. This is particularly of importance when analyzing the need and demand for program assisted multi-family housing.

A professional market study must distinguish between gross demand and effective demand. Effective demand is represented by those households that can both qualify for and afford to rent the proposed multi-family development. In order to quantify this effective demand, the income distribution of the PMA households must be analyzed.

Establishing the income factors to identify which households are eligible for a specific housing product requires the definition of the limits of the target income range. The lower limit of the eligible range is generally determined by affordability, i.e., the proposed gross rents and/or the availability of deep subsidy rental assistance (RA) for USDA-RD developments.

The estimate of the upper income limit is based on the most recent set of HUD Median Income Guidelines for six person households (the maximum household size for a 3BR unit) in Candler County, Georgia at 50% and 60% of the area median income (AMI).

Tables 8A and 8B exhibit renter households, by income group, in the Metter PMA in 1990 and 2000, forecasted to 2008.

The projection methodology is based on a forecast of median household income for the County (which is representative of the PMA) into the first year of expected project rent-up. The forecast is based on 1990 to 2000 US Census HUD median household income estimates projected forward to 2008. The forecasted 2008 median household income is then compared to the last available census median household income and the change in the proportion of households by a comparison of the two different medians is calculated. The process of re-distributing households by income brackets into the forecast period is somewhat mechanical. It takes into consideration both the change in the data - based on the census and HUD estimates as well as utilizing the analyst knowledge of change in the Socio-economic make-up of the local market and applying deductive analysis to the allocation of proportional changes in the income brackets between 1990 - 2000 and 2000 - 2008.

Tables 8A and 8B exhibits renter-occupied household income in the Metter PMA in 1990, 2000, and projected to 2008. The forecast is based on 1990 and 2000 census data, as well as wage growth trends and an examination of the introduction of new multi-family supply since 2000.

Table 8A Renter-Occupied Household by Income Groups Metter PMA, 1990 & 2000				
Households by Income	1990 Number	1990 Percent	2000 Number	2000 Percent
Under \$10,000	307	42.82	309	35.68
10,000 - 19,999	138	19.25	264	30.49
20,000 - 34,999	187	26.08	145	16.74
35,000 - 49,999	65	9.07	99	11.43
50,000 +	20	2.79	49	5.66
Total	717	100%	866	100%

Table 8B Renter-Occupied Household by Income Groups Metter PMA, 2000 & 2008				
Households by Income	2000 Number	2000 Percent	2008 Number	2008 Percent
Under \$10,000	309	35.68	303	30.25
10,000 - 19,999	264	30.49	350	35.00
20,000 - 34,999	145	16.74	150	15.00
35,000 - 49,999	99	11.43	127	12.75
50,000 +	49	5.66	70	7.00
Total	866	100%	1,000	100%

Sources: 1990 and 2000 Census of Population, Georgia.
Koontz and Salinger. June, 2006.

Income Threshold Parameters

This market study focused upon the following target population regarding income parameters:

- (1) - Occupied by households at 60 percent or below of area median income.
- (2) - Projects must meet the person per unit imputed income requirements of the Low Income Housing Tax Credit, as amended in 1990. Thus, for purposes of estimating rents, developers should assume no more than the following: (a) For efficiencies and one bedrooms, 1 person; (b) For units with one or more separate bedrooms, 1.5 persons for each separate bedroom. (Note that estimated rents must be net of utility allowances.)
- (3) - The proposed development be available to Section 8 voucher holders.
- (4) - The 2006 HUD Income Guidelines were used.
- (5) - 0% of the units will be set aside as market rate with no income restrictions.

Analyst Note: The subject will comprise 40 two and three-bedroom units. The recommended maximum number of people per unit is:

2BR - 2, 3 and 4 persons
3BR - 3, 4, 5 and 6 persons

Analyst Note: As long as the unit in demand is income qualified there is no minimum number of people per unit.

The proposed development will target 35% of the units at 50% or below of area median income (AMI); and 65% of the units at 60% or below AMI.

The lower portion of the target income range is set by the proposed subject 2BR and 3BR rents at 50% and 60% AMI.

It is estimated that households at the subject will spend between 30% and 45% of income for gross housing expenses, including utilities and maintenance. Recent Consumer Expenditure Surveys (including the most recent) indicate that the average cost paid by renter households is around 36% of gross income. Given the subject property's intended

target group it is estimated that the target LIHTC income group will spend between 25% and 50% of income to rent. GA-DCA has set the estimate for non elderly applications at 35%.

The proposed 2BR net rent at 50% and 60% AMI is \$300. The estimated utility costs is \$106. (Source: GA-DCA 2006 application) The proposed gross rent is \$406. The proposed 3BR net rent at 50% and 60% AMI is \$350. The estimated utility costs is \$129. (Source: GA-DCA 2006 application) The proposed gross rent is \$479. The lower income limit at 50% and 60% AMI was established at \$13,920.

The AMI at 50% and 60% for 1 to 6 person households in Candler County follows:

	<u>50%</u> <u>AMI</u>	<u>60%</u> <u>AMI</u>
1 Person -	\$16,200	\$19,440
2 Person -	\$18,550	\$22,260
3 Person -	\$20,850	\$25,020
4 Person -	\$23,200	\$27,840
5 Person -	\$25,050	\$30,060
6 Person -	\$26,900	\$32,280

Source: 2006 HUD Median Income Guidelines.

The overall income range for the targeting of income eligible households at 50% AMI is \$13,920 to \$26,900.

The overall income range for the targeting of income eligible households at 60% AMI is \$13,920 to \$32,280.

SUMMARY

Target Income Range - Subject Property - by Income Targeting Scenario

50% AMI

The subject will position 14-units at 50% of AMI.

The overall **Target Income Range** for the proposed subject property targeting households at 50% AMI is \$13,290 to \$26,900.

It is projected that in 2008 approximately **28%** of the renter households in the PMA were in the subject property 50% AMI LIHTC target income group.

60% AMI

The subject will position 26-units at 60% of AMI.

The overall **Target Income Range** for the proposed subject property targeting households at 60% AMI is \$13,290 to \$32,280.

It is projected that in 2008 approximately **33.5%** of the renter households in the PMA were in the subject property 60% AMI LIHTC target income group.

Adjustments

In order to adjust for income over lap between the two income segments the following adjustments were made: (1) the 50% income segment estimate of 28% was reduced in order to account for income overlap with the 60% income segment; and (2) the 60% income segment estimate of 33.5% was reduced in order to account for income over lap at 50%.

It is estimated that approximately **16.75%** of the overall income qualified range will target households at the 50% AMI segment; and **16.75%** will target households at the 60% AMI segment. The rationale for the equal weighting is: (1) the significant percentage of renter households with income between \$10,000 and \$20,000, (2) the fact that the proposed net rents at 50% and 60% are the same, and (3) the upper trend in income growth.

ECONOMIC & EMPLOYMENT TRENDS

The economic trends reflect the ability of the area to create and sustain growth, and job formation is typically the primary motivation for positive net immigration.

Tables 9 through 14 exhibit labor force trends by employment, changes in employment sectors and changes in average annual weekly wages for Candler County. Also, exhibited are the major employers for the immediate labor market area. A summary analysis is provided at the end of this section.

Table 9 Civilian Labor Force and Employment Trends, Candler County: 2000, 2004 and 2005			
	2000	2004	2005
Civilian Labor Force	3,990	4,388	4,388
Employment	3,811	4,195	4,173
Unemployment	179	193	215
Rate of Unemployment	4.5%	4.4%	4.9%

Table 10 Change in Employment, Candler County				
Years	# Total	# Annual*	% Total	% Annual*
2000 - 2004	+ 384	+ 77	+ 10.08	+ 2.02
2004 - 2005	- 22	Na	- 0.05	Na

* Rounded

Na - Not applicable

Sources: Georgia Labor Force Estimates, 2000 - 2005. Georgia Department of Labor, Workforce Information Analysis.

Koontz and Salinger. June, 2006.

Employment Trends

Table 11

Employment Change and Rates of Unemployment, Candler County

Year	Number Employed	Change Over Previous Year	Unemployment Rate
<hr/>			
2000	3,811	-----	4.5
2001	3,747	- 64	4.6
2002	3,850	+ 103	4.4
2003	3,945	+ 95	4.2
2004	4,195	+ 250	4.4
2005	4,173	- 22	4.9
2006 (01)	4,199	-----	4.5
2006 (02)	4,176	- 23	4.5
2006 (03)	4,238	+ 62	3.6
2006 (04)	4,227	- 11	3.7

Table 12							
Average Monthly Covered Employment by Sector, Candler County, 2003 and 2004							
Year	Total	Con	Mfg	T	FIRE	HCSS	G
2003	2,841	125	228	461	87	339	742
2004	3,240	194	266	496	78	420	770
03-04 # Ch.	+ 399	+ 69	+ 38	+ 35	- 9	+ 81	+ 28
03-04 % Ch.	+14.0	+55.2	+16.7	+7.6	-10.3	+23.9	+3.8

% Ch. 2003 to 2004 = % Increase/Decrease

Note: Con - Construction; Mfg - Manufacturing; T - Retail and Wholesale Trade;
FIRE - Finance, Insurance and Real Estate; HCSS - Health Care and
Social Services; G - Federal, State & Local Government

Sources: Georgia Labor Force Estimates, 2000 - 2006. Georgia Department
of Labor, Workforce Information Analysis.

Koontz and Salinger. June, 2006.

Table 13, exhibits average annual weekly wages in 2003 and 2004 in the major employment sectors in Candler County. The rate of change in wages has for the most part matched or exceeded the recent rate of inflation, as measured by the consumer price index (CPI) for about half of the employment sectors. It is estimated that the majority of workers in the service and trade sectors in 2005/06 have average weekly wages between \$350 and \$500.

Table 13 Average Annual Wages, 2003 and 2004 Candler County				
Employment Sector	2003	2004	% Numerical Change	Annual Rate of Change
Total	\$ 417	\$ 416	- 1	- 0.2
Construction	\$ 379	\$ 432	+ 53	+14.0
Manufacturing	\$ 606	\$ 612	+ 6	+ 1.0
Wholesale Trade	\$ 268	\$ 253	- 15	- 5.6
Retail Trade	\$ 361	\$ 368	+ 7	+ 1.9
Transportation & Warehouse	Na	\$ 911	Na	Na
Finance	\$ 578	\$ 554	- 24	- 4.2
Real Estate Leasing	Na	Na	Na	Na
Health Care Services	\$ 358	\$ 380	+ 22	+ 6.1
Leisure & Hospitality	\$ 162	\$ 171	+ 9	+ 5.6
Federal Government	\$ 697	\$ 713	+ 16	+ 2.3
State Government	\$ 527	\$ 480	- 47	- 8.9
Local Government	\$ 485	\$ 484	- 1	- 0.2

Sources: Georgia Department of Labor, Workforce Information Analysis, Covered Employment, Wages and Contributions, 2003 and 2004.

Koontz and Salinger. June, 2006.

Major Employers

The major employers in Metter and Candler County are listed in Table 14.

Table 14 Major Employers			
Firm	Product/Service	Employees	Year Built
Industrial			
Crider Inc.	Canned Poultry	200	1977
Metter Mfg.	Apparel	30	1954
Moore Wallace	Business Forms	105	1979
Coursey	Construction	25	
Flint Industries	Manufacturing	40	
Pepsi-Cola	Distribution	25	
USF Holland	Trucking	32	
Non Industrial			
Candler County	Hospital	151	
Pleasant View Health Care	Assisted Living	100	
Candler County	School System	200	
Metter & Candler Co.	Local Government	Na	
Bi-Lo Grocery	Retail Trade	Na	
Metter Health Care	Nursing Home	75	

Sources: Metter-Candler County Chamber of Commerce, (912) 685-2159.

2006 Georgia Manufacturers Directory, Harris Infosource

SUMMARY

The economic situation for Candler County is statistically represented by employment activity, both in workers and jobs.

According the Metter - Candler County Chamber of Commerce, the local economy stabilized during 2004/05 and over the past six months has been expanding. Presently the county has a 111-acre industrial park north of I-16, of which, 30-acres are still unused. County leaders plan to develop a new industrial park in Metter, just south of I-16. Plans call for an increase in marketing Metter's locational attributes of I-16, the Norfolk-Southern railroad and its nearby proximity to the growing Savannah deep water port facility.

A significant number of the 1,200 member Hispanic workforce that work in the poultry processing plants in adjacent Emanuel and Evans Counties, as well as in other sectors of the area agri-business economy, such as cotton, peanuts and onions reside in Candler County.

The 2006 Industrial Outlook for food products in Georgia which included poultry processing is for a prediction of moderate growth. "The US population is expanding by about 1% per year, so the industry can't rely on population increases for dramatic growth. Due to growth of the global economy and a weaker dollar, exports should grow modestly during 2006. Over time, foreign markets will expand much more rapidly than the domestic consumer market." Source: Georgia Trend, April, 2006. The major concern of the US poultry market is the avian influenza scare. Already in the first and second quarter of 2006 major chicken processors such as Gold Kist, Tyson and Pilgrim Pride have reported losses. The drop in consumption has been both in the domestic market and the export markets. Source: The Atlanta Journal-Constitution, 5/11/06. The poultry industry is both monitoring and taking preventative measures against this threat to the industry.

Summary

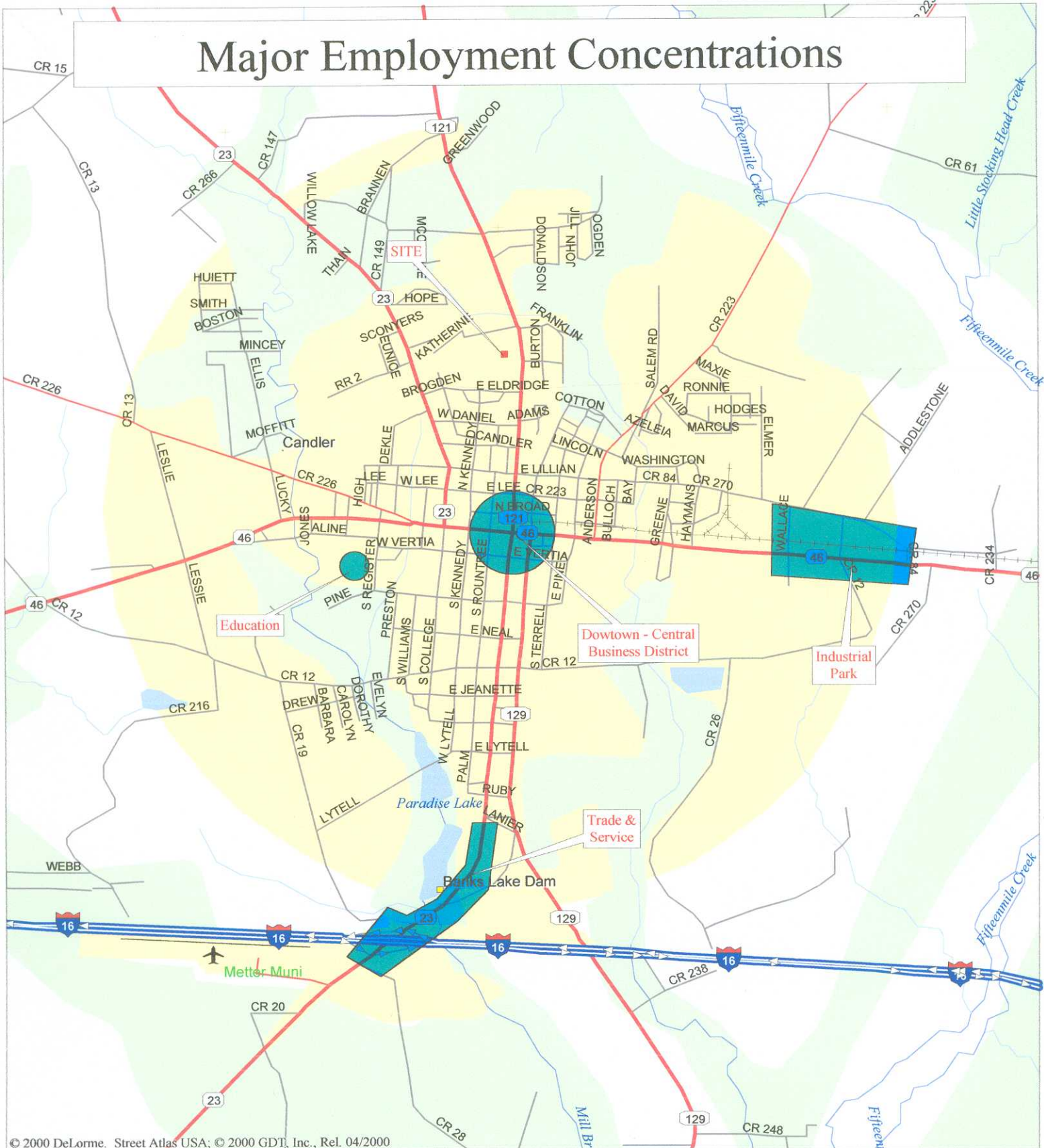
In summary, recent economic indicators are more supportive of a stable to expanding local economy in Metter and Candler over the next year. A stable to growing economy helps to strengthen the overall demand for rentals by younger and new immigrant households and to give support for local landlords to increase rents on an annual basis as overall supply versus demand tightens.

In addition, Metter is the center of trade and services for the county, as well as the location of the majority of the major employers in the county. There are on-going signs of service and trade sector growth. The major employment nodes in Metter include the industrial park, downtown central business district and the I-16 and SR 121 node. Approximately 40% of the workforce commutes out of county to work. Most commute to nearby Bulloch and Emanuel Counties.

The Selig Center for Economic Growth (Terry College of Business, University of Georgia) forecasts an annual positive growth rate with net employment gains of 1.5% per year between 2005 and 2010 for Candler County.

A map of the major employment concentrations in Metter is exhibited on the next page.

Major Employment Concentrations



© 2000 DeLorme. Street Atlas USA; © 2000 GDT, Inc., Rel. 04/2000

Mag 14.00
Tue May 30 14:27 2006

Scale 1:31,250 (at center)

2000 Feet

1000 Meters

-  Local Road
 Major Connector
 State Route
 Interstate/Limited Access

SECTION F

**PROJECT-SPECIFIC
DEMAND ANALYSIS**

This analysis examines the area market demand in terms of a specified GA-DCA demand methodology. This incorporates several sources of income eligible demand, including demand from new renter household

growth and demand from existing renter households already in the Metter market. In addition, given the amount of substandard housing that still exists in the PMA market, the potential demand from substandard housing will be examined.

This methodology develops an effective market demand comprising eligible demand segments based on household characteristics and typical demand sources. It evaluates the required penetration of this effective demand pool. The section also includes estimates of reasonable absorption of the proposed units. The demand analysis is premised upon an estimated projected year that the subject will be placed in service of 2008.

In this section, the effective project size is 40-units. Throughout the demand forecast process, income qualification is based on the distribution estimates derived in Tables 8A and 8B from the previous section of the report.

Subsequent to the derivation of the annual demand estimate, the project is considered within the context of the current market conditions. This analysis assesses the size of the proposed project compared to the existing population, including factors of tenure and income qualification. This indicates the proportion of the occupied housing stock that the project would represent and gives an indication of the scale of the proposed complex in the market. This does not represent potential demand, but can provide indicators of the validity of the demand estimates and the expected capture rates.

The demand analysis will address the impact on demand from existing and proposed like-kind competitive supply. In this case discriminated by age and income.

Finally, the potential impact of the proposed project on the housing market supply is evaluated, particularly the impact on other like-kind assisted family apartment projects in the market area.

Effective Demand Pool

In this methodology, there are three basic sources of demand for an apartment project to acquire potential tenants:

- * net household formation (normal growth),
- * existing renters who are living in substandard housing, and
- * existing renters who choose to move to another unit, typically based upon affordability (rent overburdened), project location and features.

As required by the most recent set of GA-DCA Market Study Guidelines, several adjustments are made to the basic model. The methodology adjustments are:

- (1) taking into consideration like-kind competitive units now in the "pipeline", and/or under construction within the 2006 to 2008 forecast period,
- (2) taking into consideration like-kind competition introduced into the market between 1999 and 2006, and
- (3) for secondary market area demand (a 15% adjustment factor).

Note: The secondary market area adjustment factor is pre determined and specified in the most current GA-DCA Market Study Guideline instructions.

Growth

For the PMA, forecast housing demand through household formation totals 498 households over the 2000 to 2008 forecast period. By definition, were this to be growth it would equal demand for new housing units. This demand would further be qualified by tenure and income range to determine how many would belong to the subject target income group. During the 2000 to 2008, forecast period it is calculated that 93 or approximately 19% of the new households formations would be renters.

Based on 2008 income forecasts, 16 new renter households fall into the 50% AMI target income segment of the proposed subject property; and 16 into the 60% AMI target income segment.

Demand from Existing Renters that are In Substandard Housing

The most current and reliable data from the US Census regarding substandard housing is the 2000 census. By definition, substandard housing in this market study is from Tables H21 and H48 in Summary File 3 of the 2000 census - Tenure by Age of Householder by Occupants Per Room and Tenure by Plumbing Facilities, respectively. In 2000, 9 households were living in renter-occupied dwelling units without complete plumbing facilities in the PMA and 141 households were living in renter-occupied dwellings in over crowded conditions. The total number of existing renters that were in substandard housing based on the 2000 Census was 150.

Based on a field analysis of Metter and Candler County, along with an examination of the trends in substandard data between the 1990 and 2000 censuses, it is estimated that in 2008 there are 100 renter households in substandard housing conditions in the PMA.

Based on 2008 income forecasts, 17 substandard renter households fall into the target income segment of the proposed subject property at 50%; and 17 households at 60% AMI.

Demand from Existing Renters that are Rent Overburdened

An additional source of demand for rental units is derived from renter households desiring to move to improve their living conditions, to accommodate different space requirements, because of changes in financial circumstances or affordability. For this portion of the estimate, rent overburdened households are included in the demand analysis. Note: This segment of the demand analysis excluded the estimate of demand by substandard housing as defined in the previous segment of the demand analysis.

By definition, rent overburdened are those households paying greater than 30% to 35% of income to gross rent*. The most recent census based data for the percentage of households that are rent overburdened by income group is the 2000 census. Forecasting this percentage estimate forwarded into 2008 is extremely problematic and would not hold up to the rigors of statistical analysis. It is assumed that the percentage of rent overburdened households (in 2008) have remained the same since 2000. That is approximately 45% of the renters with incomes in the 50% AMI target income segment are rent overburdened; and 38% of the renters with incomes in the 60% AMI target income segment are rent overburdened.

*Note: HUD and the US Census define a rent over burdened household at 30% of income to rent.

In the PMA it is estimated that 68 existing renter households are rent overburdened and fall into the 50% AMI target income segment of the proposed subject property. In the PMA it is estimated that 57

existing renter households are rent overburdened and fall into the 60% AMI target income segment of the proposed subject property.

Total Effective Tenant Pool - PMA

The potential demand from these sources (in the PMA) total 101 households/units at 50% AMI; and 90 households/units at 60% AMI. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from the PMA.

Secondary Market Area Adjustment (15% factor)

The following is stated on page 9 of 19 in the 2006 GA-DCA Market Study Guidelines: "To accommodate for the secondary market area, the Demand from Existing Qualified Households within the primary market area will be multiplied by 115% to account for demand from the secondary market area." The 15% adjustment factor is applied to all of the **combined** demand estimates (regardless of tenure) as detailed in the overall demand methodology.

The secondary market area adjustment factor increased demand by 15 households at 50% of AMI and by 14 households at 60% AMI.

Total Effective Tenant Pool - PMA & SMA

The potential demand from the demand methodology sources from both the PMA and SMA total 116 households/units at 50% AMI; and 104 households/units at 60% AMI. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from both the PMA and SMA.

These estimates of demand were adjusted for the introduction of new like-kind supply into the PMA between the 2006 to 2008 forecast period, as well as between 1999 and 2005. Naturally, not every household in this effective demand pool will choose to enter the market for a new unit; this is the gross effective demand.

The final segmentation process of the demand methodology was to subject out like-kind competition/supply in the PMA built since 1999. In the case of the subject, like-kind supply includes other LIHTC and/or LIHTC/Home family developments, and USDA-RD Section 515 family developments. Note: Since 1999, no like-kind competitive family apartment developments have been introduced into the PMA.

Upcoming Direct Competition

An additional adjustment is made to the total demand estimate. The estimated number of direct competitive supply under construction and/or in the pipeline for development must be taken into consideration. According to local sources, no other multi-family apartment development supply is known to be under construction or in the pipeline for development. Source: City of Metter, City Clerks Office.

A review of the 1999 to 2005 list of awards made by the Georgia Department of Community Affairs revealed that in the last six rounds no awards were made for LIHTC developments in the PMA.

The segmented, effective demand pool is summarized in Table 15, on the following pages.

Table 15**Quantitative Demand Estimate: Metter PMA**

	AMI <u>50%</u>	AMI <u>60%</u>
• <u>Demand from New Growth - Renter Households</u>		
Total Projected Number of Households (2008)	1,000	1,000
Less: Current Number of Households (2000)	<u>907</u>	<u>907</u>
Change in Total Renter Households	+ 93	+ 93
% of Renter Households in Target Income Range	<u>16.75%</u>	<u>16.75%</u>
Total Demand from New Growth	16	16
• <u>Demand from Substandard Housing with Renter Households</u>		
Number of Households in Substandard Housing (2000)	150	150
Number of Households in Substandard Housing (2008)	100	100
% of Substandard Households in Target Income Range	<u>16.75%</u>	<u>16.75%</u>
Number of Income Qualified Renter Households	17	17
• <u>Demand from Existing Renter Households</u>		
Number of Renter Households (2008)	1,000	1,000
Minus substandard housing segment	100	100
Net Number of Existing Renter Households	900	900
% of Households in Target Income Range	<u>16.75%</u>	<u>16.75%</u>
Number of Income Qualified Renter Households	151	151
Proportion Income Qualified (that are Rent Overburden)	<u>45%</u>	<u>38%</u>
Total	68	57
• <u>Net Total Demand from the PMA</u>	101	90
• <u>Secondary Market Area Adjustment</u>		
Net Total Demand	101	90
Adjustment Factor of 15%	<u>15%</u>	<u>15%</u>
Demand from SMA Adjustment	15	14
• <u>Gross Total Demand (PMA & SMA)</u>	116	104
Minus New Supply of Competitive Units (1999-2008)	<u>0</u>	<u>0</u>
• <u>Gross Total Demand (Renter, Owner, Non Tenure & SMA)</u>	116	104

Capture Rate Analysis

Total Number of Households Income Qualified = 220. For the subject 40 LIHTC units this equates to an overall LIHTC Capture Rate of 18.2%.

LIHTC Capture Rates by AMI

	50% <u>AMI</u>	60% <u>AMI</u>
● <u>Capture Rate</u> (40 unit subject, by AMI)		
Number of Units in Subject Development	14	26
Number of Income Qualified Households	116	104
Required Capture Rate	12.1%	25.0%

● Total Demand by Bedroom Mix

It is estimated that approximately 15% of the target group fits the profile for a 1BR unit, 55% for a 2BR unit and 30% of the target group is estimated to fit a 3BR unit profile. Source: Table 5 and Survey of the Competitive Environment.

Total Demand by Bedroom Type (at 50% AMI) -

1BR - 17
2BR - 64
3BR - 35

Total - 116

	<u>Total Demand</u>	New <u>Supply</u> *	<u>Net Demand</u>	<u>Units</u> <u>Proposed</u>	<u>Capture</u> <u>Rate</u>
1BR	17	0	17	Na	Na
2BR	64	0	64	11	17.2%
3BR	35	0	35	3	8.5%

* At present there is no supply of income restricted rental units under construction or in the approved pipeline for development.

Analyst Note: Owing to the quantitative and qualitative findings, along with reconciliation with the GA-DCA capture rate thresholds, the above capture rates are considered to be attainable for the proposed bedroom mix.

Total Demand by Bedroom Type (at 60% AMI) -

1BR - 16
2BR - 57
3BR - 31

Total - 104

	<u>Total Demand</u>	<u>New Supply</u> *	<u>Net Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	16	0	16	Na	Na
2BR	57	0	57	19	33.3%
3BR	31	0	31	7	22.5%

* At present there is no supply of income restricted rental units under construction or in the approved pipeline for development.

Analyst Note: Owing to the quantitative and qualitative findings, along with reconciliation with the GA-DCA capture rate thresholds, the above capture rates are considered to be attainable for the proposed bedroom mix.

Absorption Rate Analysis

Given the strength (or lack of strength) of the demand estimated in Table 15, the worst case scenario for 93% to 100% rent-up is estimated to be 12 months (at 3 to 4-units per month on average). The most likely/best case rent-up scenario suggests a 9-month rent-up time period (an average of 4 to 5-units per month).

Note: The absorption of the project is contingent upon an attractive product, professional management, including a strong marketing and pre-leasing program.

Stabilized occupancy, subsequent to initial lease-up is expected to be 93 or higher.

Overall Impact to the Rental Market

Given the current rental market vacancy rate and the forecasted strength of demand for the expected entry of the subject in 2008, it is estimated that the introduction of the proposed development will probably have little to no long term negative impact on the PMA program assisted apartment market. Any imbalance caused by initial tenant turnover is expected to be temporary, i.e., less than 1 year. (Note: This expectation is contingent upon neither catastrophic natural nor economic forces effecting the Candler County apartment market and local economy in 2008.)

SECTION G

COMPETITIVE ENVIRONMENT & SUPPLY ANALYSIS

This section of the report evaluates the general rental housing market conditions in the PMA, for both program assisted properties and market rate properties. Part I of the survey focused upon the existing program assisted properties within the PMA. Part II consisted of a sample survey of conventional

apartment properties in the PMA. The analysis includes individual summaries and pictures of properties as well as an overall summary rent reconciliation analysis.

The Metter apartment market is representative of a rural apartment market, with a very limited amount of rental supply. At present, the market has two small apartment complexes, with the remainder of the rental supply comprising mostly of single-family homes and trailers for rent and the public housing authority. Both of the apartment complexes are program assisted (USDA-RD Section 515 / one elderly and one family). The majority of the market rate supply (located in the rural areas of the PMA outside of Metter) consists primarily of single-family homes for rent, in various stages of condition and single-wide trailers, with a few double-wide trailers.

Note: At the time of the survey there were no competing apartment developments under construction or in the pipeline for development.

Survey of the Competitive Environment

* At the time of the survey, the overall estimated vacancy rate of the surveyed program assisted family property (Candler Apartments) was approximately 0% to 2%. This property has just recently began to improve its occupancy rate on a monthly basis (over the last year), owing to the fact that it went through new management. The new management (WT Lamb Investments) had to evict several tenants owing to drug problems and problems with making monthly payments. Overall, this property has a very poor local area reputation, which will take time to overcome. Also, in the opinion of the analyst, this property is once again in need of extensive rehab.

* The one elderly property maintained a waiting list and at the time of the survey was 100% occupied.

* At the time of the survey, the overall estimated vacancy rate of the surveyed market rate properties was 0% to 2%.

* Other than a small converted motel apartment property in Metter, the majority of the market rate rentals in the PMA consist of single-family houses for rent and single-wide trailers. The converted motel has a very bad reputation and offers a very substandard efficiency unit for rent. The reported weekly rate for an available unit is \$100 to \$125.

* In Metter, most single-family rent houses leased between \$400 and \$500, with a few 3BR & 4BR rentals commanding rents at \$600 to \$600+. The market does have several duplex properties, including a few built over the last two years. The duplex units are typically 2BR/1b or 2BR/2b and command rents \$475 to \$525. According to local sources this units are in great demand. Older 2BR/1b homes and 2BR/1b single-wide trailers command rents in the area of \$325 to \$400, with most 2BR/2b rentals in the city commanding a rent of around \$425 to \$450 and 2BR/2b trailer renting for \$350 to \$375. In the rural areas of the county it was reported that most of the 2BR/1b trailers rent for \$300 to \$325 and 3BR/1b trailers rent for \$350 to \$425.

Sources: (1) Melton Realty, Mr. Bob Melton, (912) 685-4445

(2) Jones Land, Title, and Appraisal, Mr. John Jones, Jr., (912) 685-3047

(3) The Metter Advertiser, 5/17/06

(4) The Metter City Clerk, Ms. Conner, (912) 685-4367

* At the time of the survey, none of the program assisted properties in Metter were offering rent concessions.

* Among the most comparable apartment properties in the PMA to the subject are: The Candler Apartment (a USDA-RD family property), and the duplexes and single-family homes for rent located within the Metter City limits.

Candler County HUD Section 8 Voucher Program

The GA-DCA manages the HUD Section 8 Voucher program for Metter and Candler County. Currently, 3 Section 8 vouchers are in use in Metter. The waiting list for a voucher in Candler County is not long, with 5 applicants, owing to the fact that the list was last opened in the area on September 3, 2005. Source: Mr. Patrick McNally, GA-DCA, Waycross Office, (912) 285-6280.

Fair Market Rents

The 2006 Fair Market Rents for Candler County, GA are as follows:

Efficiency	= \$ 380
1 BR Unit	= \$ 413
2 BR Unit	= \$ 458
3 BR Unit	= \$ 558
4 BR Unit	= \$ 575

*Fair Market Rents are gross rents (include utility costs)

Source: www.huduser.org

Table 16, exhibits the project size, bedroom mix, number of vacant units (at time of the survey), net rents and unit sizes of the surveyed apartment properties in the Metter PMA competitive environment.

Table 16 SURVEY OF METTER PMA APARTMENT COMPLEXES PROJECT PARAMETERS											
Complex	Total Units	1BR	2BR	3BR	Vac. Units	1BR Rent	2BR Rent	3BR Rent	SF 1BR	SF 2BR	SF 3BR
Subject	40	Na	30	10	Na	--	\$300	\$350	--	1128	1461
Candler	24	14	10	--	0	\$430	\$410	--	595	725	--
Windsor	53	49	6	--	0	\$319	\$359	--	850-900	1000	--
Metter HA	120	Na	Na	Na	0	BOI	BOI	BOI	Na	Na	Na
G Johnson	8	--	7	1	0	--	\$425	\$450	--	1200	1400
Stonebridge	12	12	--	--	3	\$400	--	--	Na	--	--
Total*	217	75	23	1	3						

* - Excludes the subject property

Na - Not available

Note: The basic rent was noted for the USDA-RD properties

Source: Koontz and Salinger. June, 2006.

Table 17 exhibits the key amenities of the subject and the surveyed apartment properties. Overall, the subject is competitive to very competitive with all of the existing program assisted apartment properties in the market regarding the unit and development amenity package.

Table 17 SURVEY OF METTER PMA APARTMENT COMPLEXES UNIT & PROJECT AMENITIES													
Complex	A	B	C	D	E	F	G	H	I	J	K	L	M
Subject	x	x			x	x		x	x	x	x	x	x
Candler								x	x	x	x		
Windsor	x	x						x	x	x	x	x	x
Metter HA		x							x		s		
G Johnson								x	x		x		
Stonebridge									x				

Na - Not available

s - some

Source: Koontz and Salinger. June, 2006.

Key: A - On-Site Mgmt B - Central Laundry C - Pool
D - Tennis Court E - Playground/Rec Area F - Dishwasher
G - Disposal H - W/D Hook-ups I - A/C
J - Cable Ready K - Mini-Blinds L - Community Rm/Exercise Rm
M - Storage/other (inc. - ceiling fan, microwave, patio/balcony)

Reconciliation of Net Rents

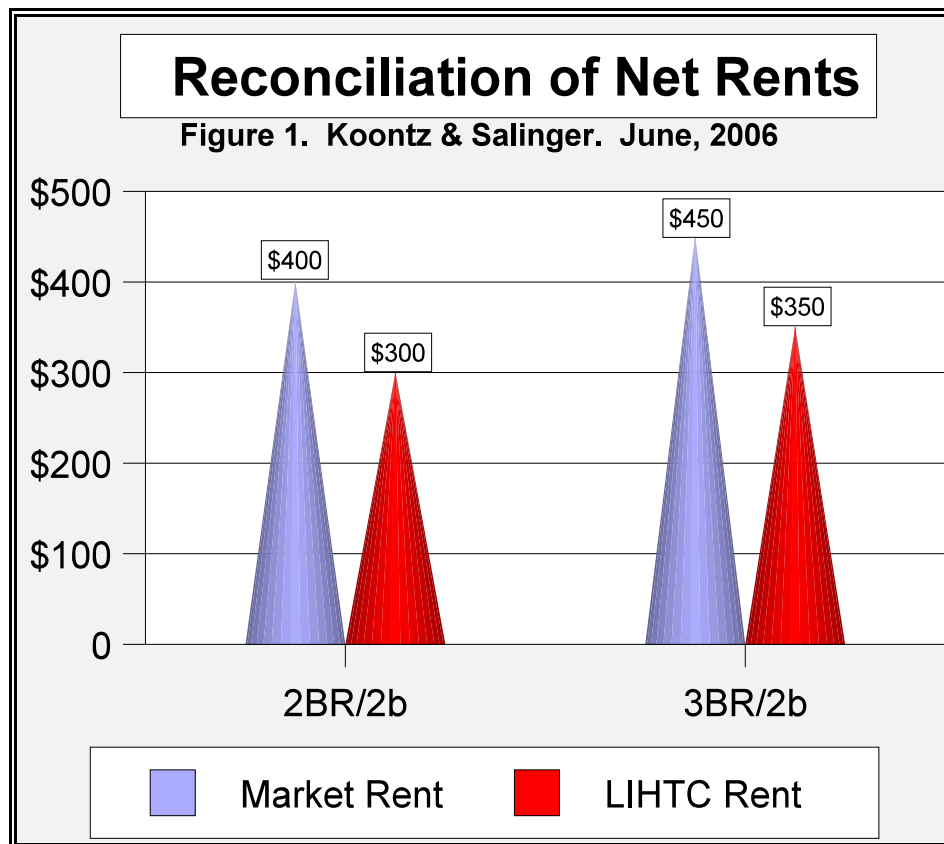
The survey of the competitive environment (which included local real estate professionals) revealed the following market based findings regarding net rents. Figure 1 below exhibits the estimated median market rate net rents by bedroom type in relation to the proposed subject property net rents at 50% and 60% of AMI.

Data Set

<u>Bedroom Type</u>	<u>Market Estimate*</u>	<u>Subject Rents at</u>	
		<u>50% AMI</u>	<u>60% AMI</u>
2BR/2b	\$400		\$300
3BR/2b	\$450		\$350

* net rent - for comparable units

Figure 1, reveals that the proposed subject 2BR/2b net rent at 50% and 60% AMI is approximately 25% less than the comparable/competitive 2BR/2b net rents. The proposed subject 3BR/2b net rent at 50% and 60% AMI is approximately 22% less than the comparable/competitive 3BR/2b net rents.



The data on the individual complexes, reported on the following pages, were reported by the owners or managers of the specific projects. In some cases, the managers / owners were unable to report on a specific project item, or declined to provide detailed information.

A map showing the location of the surveyed properties is provided on page 57.

Survey of the Competitive Environment-Program Assisted

1. Candler Apartments, 400 Herschel Cir (706) 547-0028
(912) 764-7852
Contact: Christy (5/30/06) **Type:** USDA-RD fm
Date Built: 1983 (Rehab-1995) **Condition:** Fair to Average
Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Basic Rent</u>	<u>Market Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	14	\$430	\$525	595	0
2BR/1b	10	\$410	\$505	725	0
Total	24				0

Typical Occupancy Rate: 99% (last 6 mos) **Waiting List:** Yes
Security Deposit: 1 month **Concessions:** No
Utilities Included: Allowance **Turnover:** 2-units per mo

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	No	Pool	No
Laundry Room	No	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: 2 story walk-up

Remarks: 24-units have RA; 1BR units are master metered thus higher rent; 2BR are not master metered; recent turnover of units is due more so to the eviction of undesirable tenants (drug problems, etc.)



2. Windsor Apartments, 198 Eldridge St

(912) 685-3857

Contact: Yvonne Allen (5/23/06)

Type: USDA-RD e1 (Age 62+)

Date Built: 1993

Condition: Very Good

Contact Type: In person interview

<u>Unit Type</u>	<u>Number</u>	<u>Basic Rent</u>	<u>Market Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	49	\$319	\$424	850-900	0
2BR/1b	6	\$359	\$454	1000	0
Total	53				0

Typical Occupancy Rate: 96+%

Waiting List: Yes (10 apps)

Security Deposit: 1 month

Concessions: No

Utilities Included: Allowance & trash

Turnover: 5-units per yr

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Patio

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	No	Recreation Area	No
Storage	Yes	Picnic Area	No

Design: 1-story

Remarks: 51-units have RA; 1BR utility allowance is \$62; 2BR \$85



3. Metter Public Housing, 275 E. Lillian St (912) 685-5377

Contact: Ms. Parker, Ex. Dir. (5/23/06)

Type: PHA

Date Built: 1957 (renovated in 2000)

Condition: Good

Contact Type: In person interview

<u>Unit Type</u>	<u>Number</u>	<u>Flat Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	*	\$215	Na	0
2BR/1b	*	\$252	Na	0
3BR/2b	*	\$315	Na	0
4BR/2b	*	\$361	Na	0
5BR/2b	*	\$423	Na	0
Total	120	Rent = BOI		0

Typical Occupancy Rate: 97+%

Waiting List: Yes (59 apps)

Security Deposit: BOI

Concessions: No

Utilities Included: excludes all

Turnover: 50 per year (est.)

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	No
Dishwasher	No	Carpeting	No
Disposal	No	Window Treatment	Some
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	No	Pool	No
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: 1-story

Remarks: 15 on waiting list for a 1BR unit; 34 for a 2BR; 7 for a 3BR; 1 for a 4BR; 2 for a 5BR



Survey of the Competitive Environment-Market Rate

1. G. Johnson Rentals, Lillian St

(912) 685-3014

Contact: Mr. Johnson, Owner
Date Built: late 40' to mid 50's
Contact Type: Telephone interview

Type: Conventional
Condition: Fair to Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1b	7	\$425	1200	0
3BR/2b	1	\$450	1400	0
Total	8			0

Typical Occupancy Rate: 100%
Security Deposit: 1 month rent
Utilities Included: None

Waiting List: Na
Concessions: No
Turnover: "low"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	No
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	No	Pool	No
Laundry Room	No	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: Single-family homes for rent

Remarks: these are among the nicest single-family rentals in Metter;
even though they are aged, they typically are always full



2. Stonebridge Apartments, 460 N Lewis St (912) 685-5471

Contact: Manager

Date Built: 1964 - Converted motel

Contact Type: Telephone interview

Type: Conventional

Condition: Fair to Poor

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
0BR/1	12	\$100-\$125 wk	"small"	*
Total	12			Na

Typical Occupancy Rate: 75% estimated

Waiting List: Na

Security Deposit: 1 month rent

Concessions: No

Utilities Included: water, sewer, trash

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	No
Dishwasher	No	Carpeting	No
Disposal	No	Window Treatment	No
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	No	Pool	No
Laundry Room	No	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: Converted motel - concrete block (interior and exterior)

Remarks: most of the above information was provided by the Metter Housing authority; the Authority now considers to property to be off the list of where they will place tenants in need; most of the tenants are transient single males



Competitive Environment






Mag 15.00
Tue May 30 14:50 2006

Scale 1:15,625 (at center)

1000 Feet

500 Meters

 Local Road
 Major Connector
 State Route
 Utility/Pipe

SECTION H

INTERVIEWS

The following are observations and comments relating to the subject property. They were obtained via a survey of local contacts interviewed during the course of the market study

research process.

In most instances the project parameters of the proposed development were presented to the "key contact", in particular: the proposed site location, project size, bedroom mix, income targeting/primary funding source and net rents. The following statements/comments were made:

(1) - The City Manager and the City Clerk for Metter, Mr. Joseph M. Mosley, AICP and Ms. Angie Conner were interviewed (in person), (912) 685-4367. At the time of the interview Mr. Mosely and Ms. Conner, both expressed a strong opinion for the proposed LIHTC family development in Metter. It was stated that the city council was in 100% support of the proposed development, as well as other local leaders, including the head of the county school system. They were of the opinion that households in Metter, as well as those located countywide are in need of affordable rental housing. It was stated that local area workers, that are not eligible for public housing have few options for alternative housing choices other than a few homes for rent in town and single-wide trailers in the county. It was also stated that many rental properties in the rural areas of the county are in poor to substandard condition.

(2) - Ms. Yvonne Allen, Manager of the Windsor Apartments was interviewed (in person), (912) 685-3857. At the time of the interview Ms. Allen expressed a very positive opinion regarding the proposed LIHTC development in Metter. Ms. Allen stated that, "there is need" for additional non elderly affordable housing in Metter. She stated that there were few options for young families in need of affordable rental housing in the area and that the Candler Apartments were considered by many in the area as a rental option of last choice. She estimated that on a monthly basis she gets 1 to 2 inquiries for an available unit by young households, even though she manages an elderly complex.

(3) - Ms. Donna Parker, the Executive Director of the Metter Public Housing Authority was interviewed (in person), (912) 685-5377. Ms. Parker stated that "there is a need" for additional program assisted family housing serving Metter and Candler County. She stated that over the last several years the Metter PHA has consistently been 95% to 100% occupied. She stated that the proposed subject rents were set a very affordable levels and that the income targeting of 50% and 60% AMI would place the units in a non competitive position with the PHA's target market. She stated that the Candler Apartments were in need of rehab, better management and more a careful/critical tenants screening process. Area single-wide trailers and older homes for large families command \$400 to \$500 a month and contribute to the placement of area renters in rent-overburdened situations for poor product offering.

SECTION I

CONCLUSIONS & RECOMMENDATION

As proposed in Section A of this study, it is of the opinion of the analyst, based on the findings in the market study that the Summer Trace Townhomes (a proposed LIHTC apartment property) proceed forward with the development process.

Detailed Support of Recommendation

1. Product Mix - The target group is large enough to absorb the proposed product development of **40** units.
2. Assessment of rents - The proposed net rents will be very competitive in the PMA.
3. The current apartment market is **not** representative of an over saturated market, for well maintained, well amenitized and professionally managed properties.
4. The proposed complex unit amenity package is considered to be competitive in the PMA.
5. Stabilized occupancy, subsequent to initial lease-up, is forecasted to be 93% or higher.
6. The site location is considered to be very marketable and should enhance the rent-up process.
7. The proposed development will not negatively impact the existing supply of program assisted properties in the market.

SECTION J

ANALYST QUALIFICATIONS

Koontz and Salinger conducts Real Estate Market Research and provides general consulting services for real estate development projects. Market studies are prepared for residential and commercial development. Due diligence work is performed for the financial service industry and governmental

agencies.

JERRY M. KOONTZ

EDUCATION: M.A. Geography 1982 Florida Atlantic Un.
 B.A. Economics 1980 Florida Atlantic Un.
 A.A. Urban Studies 1978 Prince George Comm. Coll.

PROFESSIONAL: 1985-Present, Principal, Koontz and Salinger, a Real Estate Market Research firm. Raleigh, NC
 1983-1985, Market Research Staff Consultant, Stephens Associates, an consulting firm in real estate development and planning. Raleigh, NC
 1982-1983, Planner, Broward Regional Health Planning Council. Ft. Lauderdale, FL.
 1980-1982, Research Assistant, Regional Research Associates. Boca Raton, FL.

AREAS OF EXPERIENCE: Real Estate Market Analysis: Residential Properties and Commercial Properties

WORK PRODUCT: Over last 23 years have conducted real estate market studies, in 31 states. Studies have been prepared for the LIHTC & Home programs, USDA-RD Section 515 & 528 programs, HUD Section 202 and 221 (d) (4) programs, conventional single-family and multi-family developments, personal care boarding homes, motels and shopping centers.

PHONE: (919) 362-9085
FAX: (919) 362-4867
EMAIL: VONKOONTZ@AOL

Member in Good Standing: National Council of Affordable Housing Market Analysts

SECTION K
IDENTITY OF INTEREST

I affirm that I have made a physical inspection of the market and the subject property and that information has been used in the full study of the need and demand for the proposed units. To the best of my knowledge, the market can support the project as shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.

CERTIFICATION

Koontz and Salinger
P.O. Box 37523
Raleigh, North Carolina 27627

Jerry M. Koontz
Real Estate Market Analyst
(919) 362-9085

Date

Market Analyst Certification and Checklist

I understand that by initializing (or checking) the following items, I am stating those items are included and/or addressed in the report. If an item is not checked, a full explanation is included in the report.

The report was written to DCA's market study requirements, that the information included is accurate and that the report can be relied upon by DCA as a true assessment of the low-income housing rental market.

I also certify that I have inspected the subject property as well as all rent comparables.

Signed: _____ Date: _____

A. Executive Summary

Market demand for subject property given the economic conditions of the area	Page	viii
Projected Stabilized Occupancy Level and Timeframe	Page	viii
Appropriateness of unit mix, rent and unit sizes	Page	vii
Appropriateness of interior & exterior amenities including appliances	Page	vii
Location & distance of subject property in relation to local amenities	Page	vii
Discussion of capture rates in relationship to subject	Page	viii
Conclusion regarding the strength of the market for the subject	Page	ix

B. Project Description

Project address, legal description and location	Page	1
Number of units by unit type	Page	1
Unit size, # of bedrooms & structure type	Page	1
Rents & Utility Allowance	Page	1
Existing or proposed project based rental assistance	Page	1
Proposed development amenities	Page	2
For rehab proposals, current occupancy levels, rents, and tenant incomes (if available), as well as detailed information as to renovation of property	Page	Na
Projected placed in service date	Page	2
Construction type	Page	1
Occupancy type	Page	1
Special Population Target (if applicable)	Page	Na

C. Site Evaluation

Date of Inspection of Subject Property by Market Analyst	Page	14
Physical features of Subject Property and Adjacent Uses	Page	3 & 4
Subject Photographs	Page	5 - 8

Map identifying location of subject as well as closets facilities	Page	11
Developments in vicinity to subject & proximity in miles	Page	12
Map identifying existing low-income housing within the PMA	Page	13
Road or infrastructure improvements planned or under construction	Page	3
Comment on access, ingress/egress and visibility of subject	Page	14
Any visible environmental or other concerns	Page	14
Overall conclusions of site and their marketability	Page	14

D. Market Area

Map identifying Subject's Location within PMA	Page	17
Map identifying Subject's Location within SMA, if applicable	Page	Na

E. Community Demographic Data

Data on Population & Households Five Years Prior to Market Entry and Projected Five Years Post-Market Entry	Page	19
---	------	----

1. Population Trends

a. Total Population	Page	19
b. Population by Age Group	Page	20
c. Number of elderly & non elderly (for elderly projects)	Page	Na
d. Special needs, additional information	Page	Na

2. Household Trends

Elderly by tenure, if applicable

a. Total number of households & average household size	Page	21
b. Households by tenure (# of owner & renter households)	Page	24
c. Households by Income	Page	27
d. Renter households by # of persons in the household	Page	23

3. Employment Trends

a. Employment by industry	Page	32
b. Major employers, product or service, total employees, expansions	Page	34
c. Contractions, New planned employers, and impact on employment	Page	35
d. Unemployment trends for the PMA & County for last 2 to 4 years	Page	32
e. Map of the site & location of major employment concentrations	Page	36
f. Overall conclusions	Page	35

F. Project Specific Demand Analysis

Income Restrictions - per development's application	Page	28-30
Affordability - Delineation of Income Bands	Page	28-30
Comparison of market rents of competing projects with the subject market rents	Page	Na
Comparison of market rents of competing projects with proposed LIHTC rents	Page	50
Demand Analysis Using Projected Service Date (within 2 years)	Page	37-44
a. New Households Using Growth Rates from Reputable Source	Page	38
b. Demand from Existing Households	Page	39
c. Elderly Households Converting to Rentership	Page	Na
d. Elderly Households Relocating to the Market	Page	Na
e. Deduction of Supply of "Comparable Units"	Page	41&42

f. Capture Rates for Each Bedroom Type	Page 43&44
g. Anticipated Absorption period for the property	Page 45

G. Supply Analysis

Comparative chart of subject amenities & competing projects	Page 49
Supply & analysis of competing developments under construction and pending	Page 46
Comparison of competing developments	Page 48
Rent Comparable Map (showing subject & comparables)	Page 57
Rental Assisted Projects in PMA	Page 52-56
Multi-family Building Permits issued in PMA in last two years	Page 25

H. Interviews

Names, Title, and Telephone # of Individuals Interviewed	Page 58
--	---------

I. Conclusions & Recommendations

Conclusion as to Impact of Subject on PMA	Page 59
Recommendation as to Subject's Viability in PMA	Page 59

J. Signed Statement

Signed Statement from Analyst	Page 61
-------------------------------	---------